

PUBLIC DISCLOSURE

February 10, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Rockland Trust Company

Cert. #: 9712

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Division of Banks

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Federal Deposit Insurance Corporation

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NOTE:	This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate- income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (Division) and the Federal Deposit Insurance Corporation (FDIC) to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the credit needs of its community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

*This document is an evaluation of the CRA performance of **Rockland Trust Company (Rockland Trust or the Bank)**, prepared by the Division and the FDIC, the institution's supervisory agencies, as of **February 10, 2014**. The agencies evaluate performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The Division and FDIC rate the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00 and in Appendix A to 12 CFR Part 345.*

INSTITUTION'S CRA RATING: This institution is rated "Outstanding."

An institution in this group has an excellent record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The following table indicates the performance level of the Bank with respect to the Lending, Investment, and Service Tests.

LENDING, INVESTMENT, AND SERVICE TEST TABLE

PERFORMANCE TESTS			
Rockland Trust Company			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding		X	X
High Satisfactory	X		
Low Satisfactory			
Needs to Improve			
Substantial Non-Compliance			

*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

Lending Test

The Lending Test is rated "High Satisfactory" based on the following:

- Lending levels reflect excellent responsiveness to the assessment area credit needs.
- A substantial majority of home mortgages and small business loans were made within the assessment area.
- The geographic distribution of home mortgages and small business loans reflects adequate penetration throughout the assessment area.
- The distribution of borrowers reflects, given the product lines offered by the institution, excellent penetration among retail customers of different income levels and good penetration among business customers of different size.
- The Bank is a leader in making community development loans.
- The Bank uses innovative and flexible lending practices in order to serve assessment area credit needs.

Investment Test

The Investment Test is rated “Outstanding” based on the following:

- The Bank has an excellent level of qualified community development investments and grants and has taken a leadership role in making investments through extensive innovative and complex investments not routinely provided by other investors.
- The Bank exhibits excellent responsiveness to credit and community economic development needs.

Service Test

The Service Test is rated “Outstanding” based on the following:

- Delivery systems are accessible to essentially all portions of the assessment area.
- To the extent changes have been made, the Bank’s record of opening and closing branch offices has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services, including business hours, do not vary in a way that would inconvenience the needs of the assessment area, particularly the low- and moderate-income geographies and individuals.
- The Bank is a leader in providing community development services.

PERFORMANCE CONTEXT

Description of Institution

Rockland Trust is a state-chartered, investor-owned commercial bank headquartered in Rockland, Massachusetts. Originally founded as a commercial bank to provide financial services primarily to the area's business customers, the Bank has evolved into a full-service financial institution. Its major business lines now include commercial lending, retail banking, and investment management. The Bank is a subsidiary of Independent Bank Corporation, a one-bank holding company organized in 1985.

Rockland Trust has established two Community Development Corporations (CDCs) and two Community Development Entities (CDEs), which are all direct or indirect subsidiaries of the institution. Rockland Trust Community Development (RTCDC) is a direct subsidiary of the Bank and houses Rockland Trust Community Development LLC (CDC I) and Rockland Trust Community Development Corporation (CDC II). Rockland Trust Community Development III LLC (CDE III) and Rockland Trust Company Development IV LLC (CDE IV) are direct subsidiaries of the Bank, but are managed by the RTCDC.

Each of the CDEs were established for the express purpose of deploying New Markets Tax Credit (NMTC) awards by making community development loans. The NMTC program is administered by the United States Department of the Treasury's Community Development Financial Institutions Fund (CDFI Fund). It was created to spur new or increased investment into operating businesses or real estate projects located in low-income communities by permitting individual and corporate investors to receive tax credit by investing in certified CDEs. To qualify as a CDE, an organization must demonstrate a primary mission of serving, or providing investment capital for, low-income communities or low-income persons; and maintain accountability to residents of low-income communities. Please refer to Appendix A for a listing of all Bank affiliates.

Since the previous evaluation date of December 27, 2010, the Bank acquired two institutions:

- Central Co-operative Bank (CCB), Somerville, Massachusetts
 - CCB was acquired on November 10, 2012, and as of September 30, 2012, its total assets equaled \$551 million. At the most recent CRA Evaluation, dated June 14, 2010, the institution was rated "Satisfactory" by the FDIC and a "High Satisfactory" by the Division. Rockland Trust added nine branches through this acquisition.
- Mayflower Co-operative Bank (MCB), Plymouth, Massachusetts
 - MCB was acquired on November 18, 2013, and as of September 30, 2013, its total assets equaled \$244 million. At the most recent CRA Evaluation, dated March 9, 2009, the institution was rated "Outstanding" by the FDIC and the Division. Rockland Trust added four branches through this acquisition.

Rockland Trust offers deposit, loan, and investment services through an extensive network. This network includes 76 full-service and 2 limited-service branches (high-school branch in Woburn and a branch in an assisted living center in Duxbury), 8 remote automated teller machines (ATMs), 10 commercial lending centers, 4 residential lending centers, and 4 investment management offices located throughout eastern Massachusetts and Rhode Island.

As of December 31, 2013, Rockland Trust's assets totaled \$6.1 billion, of which, \$4.7 billion (77.4 percent) represented net loans. From December 31, 2010 to December 31, 2013, the Bank's assets increased by 29.8 percent, net loans increased by 32.9 percent, and total deposits increased by 37.1 percent. These increases were primarily due to the acquisitions of CCB and MCB.

As reflected in Table 1, the Bank is primarily a commercial lender, as 52.0 percent of all loans consisted of commercial and industrial loans and loans secured by nonfarm nonresidential properties. Residential real estate loans, including those secured by multi-family properties, but excluding 1-4 family construction loans, represent 40.1 percent of the loan portfolio. Construction, consumer, and farm loans represent the remaining percentage of the loan portfolio.

Table 1 Loan Portfolio Distribution as of December 31, 2013		
Loan Type	Dollar Amount \$(‘000s)	Percent of Total Loans
1-4 Family Residential Construction Loans	51,169	1.1
Other Construction Loans and All Land Development and Other Land Loans	233,352	4.9
Secured by Farmland (including Farm Residential and Other Improvements)	6,167	0.1
Revolving, Open-end Loans Secured by 1-4 Family Residential Properties and Extended Under Lines of Credit	468,131	9.9
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by 1 st Liens	1,066,386	22.6
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by Jr Liens	29,504	0.6
Secured by Multifamily (5 or more) Residential Properties	331,626	7.0
Loans Secured by Owner-Occupied Nonfarm Nonresidential Properties	442,610	9.4
Loans Secured by Other Nonfarm Nonresidential Properties	1,233,185	26.1
Loans to Finance Agricultural Production and Other Loans to Farmers	61	0.0
Commercial and Industrial Loans	781,116	16.5
Consumer Loans	17,856	0.4
Obligations (Other than Securities and Leases) of States and Political Subdivisions	60,516	1.3
Other Loans	5,430	0.1
Total Loans	4,727,109	100.0

Source: Consolidated Report of Condition and Income (Call Report) as of December 31, 2013

The Bank also sells mortgage loans in the secondary market. Since December 27, 2010, the Bank sold 3,696 residential loans totaling \$934.3 million. Selling loans in the secondary market allows the Bank to manage interest risk and originate a larger volume of loans than would otherwise be possible.

Rockland Trust's CRA performance was last evaluated by the FDIC and the Division on December 27, 2010, and was rated "Outstanding." There are no significant financial or legal impediments that would limit the bank's ability to help meet the credit needs of its assessment area.

Description of Assessment Area

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The assessment area as currently defined meets the technical requirements of the CRA regulation since it: (1) consists of one or more political subdivisions, (2) includes the geographies where the bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the institution originated a substantial portion of its loans, (3) consists of whole census tracts, (4) does not extend substantially beyond state boundaries, (5) does not reflect illegal discrimination, and (6) does not arbitrarily exclude low- and moderate-income areas.

Geographies

Due to the acquisition of CCB and MCB, Rockland Trust's assessment area has expanded since the previous evaluation. The Bank defined its assessment area to include 122 cities and towns encompassing much of southeastern Massachusetts and portions of Cape Cod. The following are the communities comprising the Bank's assessment area by Metropolitan Statistical Area (MSA) and county.

- **Barnstable Town, MA MSA:** *Barnstable County, MA* – Barnstable, Bourne, Brewster, Chatham, Dennis, Eastham, Falmouth, Harwich, Mashpee, Orleans, Sandwich, and Yarmouth. Each of these municipalities is encompassed within the Cape Cod area.
- **Boston-Cambridge-Newton, MA-NH MSA - Includes three Metropolitan Districts (MDs) – the Boston, MA MD, the Cambridge-Newton-Framingham, MA MD, and the Rockingham County-Strafford County, NH MD:** *Norfolk County, MA* – Avon, Bellingham, Braintree, Brookline, Canton, Cohasset, Dedham, Dover, Foxborough, Franklin, Holbrook, Medfield, Medway, Millis, Milton, Needham, Norfolk, Norwood, Plainville, Quincy, Randolph, Sharon, Stoughton, Walpole, Wellesley, Westwood, Weymouth, and Wrentham; *Plymouth County, MA* – Abington, Bridgewater, Brockton, Carver, Duxbury, East Bridgewater, Halifax, Hanover, Hanson, Hingham, Hull, Kingston, Lakeville, Marion, Marshfield, Mattapoisett, Middleborough, Norwell, Pembroke, Plymouth, Plympton, Rochester, Rockland, Scituate, Wareham, West Bridgewater, and Whitman; *Suffolk County, MA* – Allston/Brighton neighborhoods of Boston, Chelsea, and Revere; *Essex County, MA* – Saugus, and *Middlesex County, MA* – Arlington, Bedford, Belmont, Billerica, Burlington, Cambridge, Everett, Holliston, Hopkinton, Lexington, Lincoln, Malden, Medford, Melrose, Natick, Newton, Sherborn, Somerville, Stoneham, Wakefield, Waltham, Watertown, Weston, Wilmington, Winchester, and Woburn.
- **Providence-Warwick, RI-MA MSA:** *Bristol County, MA* – Acushnet, Attleborough, Berkley, Dartmouth, Dighton, Easton, Fairhaven, Fall River, Freetown, Mansfield, New Bedford, North Attleborough, Norton, Raynham, Rehoboth, Seekonk, Somerset, Swansea, Taunton, and Westport.
- **Worcester, MA-CT MSA:** *Worcester County, MA* – Blackstone, Hopedale, Mendon, Milford, and Upton.

Assessment Area Changes

With the CCB acquisition, Rockland Trust's assessment area expanded to include 14 additional municipalities representing 101 census tracts in Middlesex County. These include Arlington, Bedford, Billerica, Burlington, Everett, Malden, Medford, Melrose, Somerville, Stoneham, Wakefield, Wilmington, Winchester, and Woburn. Of the 101 census tracts, 4 are low-income, 30 are moderate-income, 56 are middle-income, and 11 are upper-income.

The MCB acquisition did not result in any changes to RTC's assessment area as MCB's branches were wholly encompassed within Rockland Trust's existing assessment area.

Demographic Data

Refer to Table 2 for assessment area demographic information.

Table 2 Assessment Area Demographics						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	662	7.0	18.9	45.3	28.4	0.4
Population by Geography	3,098,451	5.5	16.8	47.0	30.6	0.1
Owner-Occupied Housing by Geography	786,907	2.1	11.6	51.8	34.5	0.0
Businesses by Geography	278,636	5.1	12.7	47.2	34.9	0.1
Farms by Geography	5,518	2.4	7.7	54.0	35.9	0.0
Family Distribution by Income Level	768,217	20.2	16.4	21.4	42.0	0.0
Median Family Income		\$84,489	Median Housing Value		\$412,662	
FFIEC Adjusted Median Family Income (MFI) for 2012		\$90,624	Unemployment Rate **			
Families Below Poverty Level		5.8%	(12/31/2012)		6.6%	

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census, and 2013 business geo-demographic data

(**) Source: Bureau of Labor Statistics

Census Tract Income Levels

As Table 2 shows, the Bank's assessment area consists of 662 census tracts, of which there are 46 low-income (7.0 percent), 125 moderate-income (18.9 percent), 300 middle-income (45.3 percent), 188 upper-income (28.4 percent), and 3 NA income (0.4 percent). The low-income census tracts are split fairly evenly between the Boston-Cambridge-Newton, MA-NH MSA (24), and the Providence-Warwick, RI-MA MSA (21). There is also one low-income census tract in the Barnstable Town, MA MSA. There are four major concentrations of low- and moderate-income census tracts. One is north of Boston in the Everett, Malden, Medford, Somerville, and Cambridge area. The other concentrations are located in the Cities of Brockton, Fall River, and New Bedford. Three NA income census tracts are also located in the assessment area. Two are in the water: one off the coast of Cambridge and the other off the coast of Revere. The third is a prison in Bridgewater. These areas provide no opportunity for loan originations or purchases.

Median Family Income Levels

The assessment area has a total population of 3,098,451 that comprise the assessment area's 768,217 families. Of all families in the area, 20.2 percent are low-income, 16.4 percent are moderate-income, 21.4 percent are middle-income, and 42.0 percent are upper-income. Of the families living in the assessment area, 5.8 percent are below the poverty level, which is a subset of low-income families. Considering the 2012 FFIEC-adjusted median family income of \$90,624 for the assessment area as a whole, the low-income threshold would be \$45,312. The poverty threshold would be 50 percent of the low-income threshold, or \$22,656. Given the median housing value of \$412,662 based on 2010 U.S. Census data, a low-income family, particularly one with income below the poverty threshold, would likely have difficulty qualifying for a home loan using traditional underwriting standards.

Housing

The assessment area consists of 1,325,041 total housing units, of which 59.4 percent are owner-occupied, 30.6 percent are occupied rental units, and 10.0 percent are vacant units. The large percentage of vacant units is partly because many of the properties on Cape Cod are second homes. Of the 786,907 owner-occupied housing units, 2.1 percent are in the low-income census tracts and 11.6 percent are in moderate-income census tracts. The median housing value in 2010 for the assessment area was \$412,662, and the median age of the housing stock was 41 years.

Business Demographics

Business demographic data obtained from Dun & Bradstreet for 2013 show that there are 278,636 businesses in the assessment area, of which 72.5 percent have gross annual revenues of \$1 million or less, 5.5 percent have gross annual revenues greater than \$1 million, and the remaining 22.0 percent have unknown revenues. Of the total businesses in the assessment area, 5.1 percent are in low-income census tracts, 12.7 percent are in moderate-income census tracts, 47.2 percent are in middle-income tracts, 34.9 percent are in upper-income tracts, and a nominal percent are in the NA census tracts. The highest proportion (45.8 percent) of these business establishments are engaged in the services industry. Businesses involved in retail trade (11.9 percent); construction (8.5 percent); and finance, insurance, and real estate (8.1 percent) make up a significant share of the remaining establishments. In terms of employees, approximately 65.7 percent of the area's businesses employ four or fewer people.

Unemployment

As of year-end 2012, the Massachusetts unemployment rate was 6.6 percent according to the Bureau of Labor Statistics. The unemployment rates varied considerably by MSA, from a low of 5.9 percent in the Boston-Cambridge-Newton, MA-NH MSA, to a high of 9.4 percent in the Providence-Warwick, RI-MA MSA.

Competition

The Bank faces strong competition from other financial institutions and mortgage companies that originate loans within the assessment area. Larger sized institutions competing with the Bank include Wells Fargo Bank NA, JP Morgan Chase Bank NA, US Bank NA, Sovereign Bank NA, CitiBank NA, RBS Citizens Bank NA, and Bank of America NA. The 2012 aggregate data shows that 632 lenders extended 211,259 HMDA reportable residential loans within the Bank's assessment area. Rockland Trust ranked 15th overall.

Community Contacts

As part of the CRA evaluation process, third parties that provide community development services are contacted to assist in assessing the credit and community development needs of the bank's assessment area. Relevant information from the contacts assists in determining whether local financial institutions are responsive to the credit needs of the community, and what community development opportunities, if any, are available.

Three community contacts were utilized in conjunction with this evaluation. The first contact was with representatives from an organization who assists families in sustaining homeownership and in improving the availability of local housing stock. This organization operates just north of Boston and helps communities such as Chelsea, Revere, and Saugus. The contact stated there is a great need for funding rehabilitation of homes. Specifically, this organization becomes the receiver of property upon abandonment or foreclosure, rehabilitates the property, and then operates it as affordable housing. The second contact was with a representative from an organization that provides housing assistance services and advocacy for low-income individuals living primarily in the greater New Bedford area. The contact indicated the primary concerns of the area are the lack of livable wage jobs and the availability and sustainability of affordable housing. The third contact was a representative of a town community development office serving the Worcester County region of the Bank's assessment area. The organization provides infrastructure and home rehabilitation services to low- and moderate-income neighborhoods and individuals within the Town of Milford. The contact stated the town's greatest need is physical improvements to the downtown area to attract businesses.

Assessment Area Credit Needs

The assessment area has no one primary credit need. The area's residents need a variety of retail loan products to meet personal needs, and an array of home financing programs for the purchase, construction, improvement, or refinance of a residence. The area's business base also requires numerous commercial credit options to meet a wide variety of financing purposes. Based on the three contacts, the accessibility and sustainability of affordable housing was identified as a primary need throughout the assessment area. This would indicate a need for flexible loan products designed for first-time homebuyers and to avoid foreclosure.

SCOPE OF EXAMINATION

Large Bank CRA Examination procedures were used to evaluate Rockland Trust's CRA performance utilizing the following three tests: Lending, Investment, and Service.

Examiners analyzed the following product lines within the noted timeframes:

- Small business loans originated and reported by Rockland Trust from January 1, 2012, through December 31, 2013. Small business loans for purposes of this evaluation include commercial real estate loans and commercial and industrial loans with original balances of \$1 million or less. Information concerning small business lending was derived from the Small Business Loan Registers maintained by the Bank pursuant to CRA data reporting requirements.
- Residential mortgages originated and reported by Rockland Trust from January 1, 2012, through December 31, 2013. A home mortgage loan is considered to be a home purchase, home improvement, or refinancing of a dwelling-secured loan. Home mortgage loans were reported pursuant to the Home Mortgage Disclosure Act (HMDA). Data was obtained from the Bank's HMDA Loan Application Registers (LARs).

HMDA data for 2012 also includes the home mortgage loans originated by CCB prior to the November 2012 acquisition. HMDA data for 2013 includes the home mortgage loans originated by MCB prior to the November 2013 acquisition. Neither CCB nor MCB were required to collect small business loan data; therefore, their small business loan data was not subject to analysis.

The Bank originated three small farm loans during the review period. All three small farm loans were originated in 2013. The Bank's share of this market is unknown as aggregate data is not yet available for 2013. Considering the minimal volume of small farm activity, and the Bank's business focus on small business and home mortgage lending, small farm activity is presented solely in the assessment area concentration table. Consumer loans were not reviewed as part of this evaluation, as this portion of the loan portfolio represents a minimal portion of the Bank's total lending activity at 0.4 percent.

Rockland Trust's loan portfolio is closely distributed among commercial loans at 52.0 percent, including commercial real estate and commercial and industrial loans, and residential real estate loans at 41.2 percent, including loans secured by one-to-four family and multi-family properties. During the evaluation period, the Bank originated 4,935 residential mortgages totaling \$1.3 billion and 3,592 small business loans totaling \$665.6 million. Considering the loan portfolio distribution and lending activity during the evaluation period, commercial and residential lending received relatively the same weight when arriving at overall conclusions pursuant to the Lending Test criteria.

The Bank's home mortgage and small business lending activity was compared to applicable demographic data and aggregate lending data for 2012, which is the most recent year for which this data is available. Lending data for 2013 was analyzed to identify any significant trends, and was compared to applicable demographic data. A comparison to aggregate data for 2013 could not be conducted as this data is not yet available. Demographic data was obtained from the 2010 United States (U.S.) Census.

Market share reports and aggregate data for home mortgage loans presented in this evaluation include originated and purchased loans, as this data set represents the market for residential mortgage loans for financial institutions that are subject to HMDA reporting requirements. This would exclude financial institutions that do not have an office in an MSA and financial institutions that do not meet the minimum asset size threshold for HMDA reporting. Market share and aggregate data for small business loans include large banks that are required to collect and report the data, or smaller institutions that opt to collect and report; therefore, many smaller financial institutions are not included in the aggregate data. Small business market share reports, due to limitations in the data are presented at the county level; therefore, ranks assigned reflect all activity within the counties in which the Bank designated at least a portion of its assessment area, unless otherwise noted.

The CRA evaluation also includes community development loans, innovative or flexible loan programs, qualified investments and donations, and services for the period December 28, 2010, through February 10, 2014. Qualified community development equity investments and deposits held by the bank during the evaluation period were also included regardless of investment date. The investments were valued at the December 31, 2013 book value.

Metropolitan Statistical Area (MSA) Review Scope

The Bank's assessment area covers four MSAs. The MSAs are noted in Table 3 with the Bank's lending activity, and the number of branches and ATMs located in each. Although not included in Table 3, all three farm loans originated by the Bank are located in the Boston-Cambridge-Newton, MA-NH MSA.

Table 3 - Loans, Branches, and ATMs by MSA						
MSA	2012		2013		Full-Service Branches	ATMs
	#	%	#	%		
Home Mortgage Loans						
Boston-Cambridge-Newton, MA-NH (#14460)	1,819	67.9	1,174	69.4	53	77
Barnstable Town, MA (#12700)	419	15.7	249	14.7	13	13
Providence-Warwick, RI-MA (#39300)	392	14.6	248	14.7	9	11
Worcester, MA-CT (#49340)	48	1.8	20	1.2	1	1
Total	2,678	100.0	1,691	100.0	76	102
Small Business Loans						
Boston-Cambridge-Newton, MA-NH (#14460)	1,110	74.1	1,212	72.7		
Barnstable Town, MA (#12700)	157	10.5	228	13.7		
Providence-Warwick, RI-MA (#39300)	216	14.4	213	12.8		
Worcester, MA-CT (#49340)	15	1.0	13	0.8		
Total	1,498	100.0	1,666	100.0		

Source: 2012 and 2013 HMDA LARs, CRA Small Business Loan Registers, and Bank Records

As noted in Table 3, the majority of the Bank's activities are within the Boston-Cambridge-Newton, MA-NH MSA. This is understandable as this MSA includes its headquarters. Further, as previously discussed under the *Description of the Assessment Area*, this MSA included two bank acquisitions that resulted in the addition of 101 census tracts. Based on the activity level and the significant changes in this portion of the assessment area, this MSA received a full-scope review. Lending in the other three MSAs is significantly less than that occurring within the Boston-Cambridge-Newton, MA-NH MSA. Therefore, these MSAs were reviewed using limited-scope procedures.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The Lending Test evaluates an institution's record of helping to meet the credit needs of its assessment area(s) by considering an institution's home mortgage, small business, small farm, and community development lending, as applicable. The institution's lending performance is evaluated pursuant to the following criteria: (1) the volume of lending activity; (2) the proportion of lending within the assessment area(s); (3) the dispersion of loans and the number and the amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment area(s); (4) the distribution of loans among low-, moderate-, middle- and upper-income borrowers and businesses of different sizes; (5) the distribution of small business and small farm loans by loan amount at origination; (6) the volume of community development lending; and, (7) the use of innovative or flexible lending practices. Performance under the Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

Lending Activity

The Bank exhibited an excellent level of responsiveness to the assessment area's credit needs.

Home Mortgage Loans

The Bank originated 4,369 home mortgage loans totaling \$1.1 billion in 2012 and 2013, combined. In 2012, RTC ranked 15th of 632 HMDA reporting lenders that originated and/or purchased 211,259 home mortgage loans in the bank's assessment area. The lenders ranking higher than Rockland Trust included much larger regional or national institutions such as Wells Fargo Bank NA, JP Morgan Chase Bank NA, US Bank NA, Sovereign Bank NA, CitiBank NA, RBS Citizens Bank NA, and Bank of America NA.

The Bank's volume of residential lending decreased from 2,678 in 2012 to 1,691 in 2013. The decline in residential lending volume is due in part to the rising interest rates which affected the number of loans being refinanced.

Small Business Loans

In 2012 and 2013, the Bank originated 3,164 small business loans totaling \$552 million. In 2012, the Bank ranked 14th of 150 lenders that collectively originated and/or purchased 114,697 loans throughout the counties in which the Bank designated at least a portion of its assessment area. As with HMDA lending, the institutions ranking higher than Rockland Trust included much larger regional or national institutions, several of which were credit card banks. Those institutions include American Express, FSB; Capital One NA; Citibank, N.A.; FIA Card Services; Capital One Bank USA, N.A.; Chase Bank USA, N.A.; RBS Citizens, N.A.; and Bank of America, N.A.

Assessment Area Concentration

Lending performance was also evaluated by analyzing the percentage by number and dollar amount of home mortgage and small business loans extended inside and outside the assessment area. As shown in Table 4, a substantial majority of the Bank's home mortgage and small business loans were inside the assessment area.

Table 4 Distribution of Loans Inside and Outside of Assessment Area										
Loan Category or Type	Number of Loans					Dollar Volume ('000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2012										
Home Purchase	488	83.1	99	16.9	587	155,975	81.5	35,465	18.5	191,440
Refinance	1,689	87.3	245	12.7	1,934	432,675	80.4	105,471	19.6	538,146
Home Improvement	501	93.6	34	6.4	535	84,551	91.5	7,895	8.5	92,446
2012 Total	2,678	87.6	378	12.4	3,056	673,201	81.9	148,831	18.1	822,032
2013										
Home Purchase	390	86.1	63	13.9	453	110,759	79.8	28,062	20.2	138,821
Refinance	980	90.2	106	9.8	1,086	237,345	89.1	29,088	10.9	266,433
Home Improvement	321	94.4	19	5.6	340	54,981	86.2	8,820	13.8	63,801
2013 Total	1,691	90.0	188	10.0	1,879	403,085	85.9	65,970	14.1	469,055
Total Home Loans	4,369	88.5	566	11.5	4,935	1,076,286	83.4	214,801	16.6	1,291,087
2012 Small Business	1,498	88.0	204	12.0	1,702	276,436	82.8	57,534	17.2	333,970
2013 Small Business	1,666	88.1	224	11.9	1,890	275,062	82.9	56,560	17.1	331,622
Total Small Business	3,164	88.1	428	11.9	3,592	551,498	82.9	114,094	17.1	665,592
2012 Small Farm	0	0.0	0	0.0	0	0	0.0	0	0.0	0
2013 Small Farm	3	100.0	0	0.0	3	513	100.0	0	0.0	513
Total Small Farm	3	100.0	0	0.0	3	513	100.0	0	0.0	513
Grand Total	7,536	88.3	994	11.7	8,530	1,628,297	83.2	328,895	16.8	1,957,192

Source: 2012 and 2013 HMDA LARs and CRA Small Business Loan Registers

As shown in Table 4, the Bank originated a total of 8,530 loans totaling nearly \$2 billion. Of this total, 7,536 loans totaling \$1.6 billion were originated in the assessment area. This equates to 88.3 percent by number and 83.2 percent by dollar volume.

Geographic Distribution

The geographic distribution of loans was reviewed to assess how well the Bank has addressed the credit needs throughout the assessment area. Based on the review of home mortgage and small business loan data, the geographic distribution of loans reflects adequate penetration throughout the assessment area.

Home Mortgage Loans

The Bank has achieved adequate penetration of home mortgage loans throughout the assessment area, particularly in low- and moderate-income census tracts, when compared to demographics and aggregate lending data. Refer to Table 5 for specific information concerning the distribution of home mortgage loans by census tract income level.

Table 5 Distribution of Home Mortgage Loans by Census Tract Income Level						
Census Tract Income Level	% of Owner-Occupied Housing Units	2012 Bank Lending		2012 Aggregate Lending Percentage	2013 Bank Lending	
		#	%		#	%
Low	2.1	25	0.9	1.5	30	1.8
Moderate	11.6	216	8.1	9.0	177	10.5
Middle	51.8	1,544	57.7	47.8	1,060	62.7
Upper	34.5	893	33.3	41.7	424	25.0
N/A	0.0	0	0.0	0.0	0	0
Total	100.0	2,678	100.0	100.0	1,691	100.0

Source: 2010 U.S. Census Data, 2012 and 2013 HMDA LARs, and 2012 Aggregate HMDA Data

As shown in Table 5, lending in the area's low- income census tracts represented 0.9 percent of the Bank's total 2012 residential lending. This is lower than the percentage of owner-occupied housing units in those census tracts. Lending in the area's moderate-income tracts represented 8.1 percent of the Bank's total 2012 residential lending. This is also lower than the percentage of owner-occupied housing units in those census tracts.

The Bank's performance in 2012 was compared against aggregate HMDA lending data for 2012. Similar to the demographic comparison, the Bank's performance lagged the aggregate in low- and moderate-income census tracts. Market rank data for 2012 shows the Bank ranked 28th for lending within the assessment area's low-income census tracts and 17th for lending in moderate-income census tracts. The Bank's performance may be partially affected by the expanded assessment area resulting from the CCB acquisition, which added 4 low-income and 30 moderate-income census tracts in late 2012. Although CCB was established in this area, it was a new market for Rockland Trust.

HMDA lending for 2013 showed the Bank's percentage of lending within the low- and moderate-income census tracts increased, and more closely correlates to the level of owner-occupied housing units in those census tracts.

Small Business Loans

The Bank has achieved adequate penetration of its small business loans throughout the assessment area. Refer to Table 6 for specific information concerning the distribution of small business loans among the census tract income categories.

Table 6 Distribution of Small Business Loans by Census Tract Income Level							
Census Tract Income Level	Total Businesses in Assessment Area		2012 Small Business Loans		2012 Aggregate Lending Percentage	2013 Small Business Loans	
	2012 (% of #)	2013 (% of #)	#	%	%	#	%
Low	5.1	5.1	54	3.6	6.1	80	4.8
Moderate	12.8	12.7	175	11.7	13.6	187	11.2
Middle	47.3	47.2	885	59.1	41.6	1,021	61.3
Upper	34.8	34.9	383	25.6	35.8	378	22.7
NA	0.0	0.1	1	0.0	2.9	0	0.0
Total	100.0	100.0	1,498	100.0	100.0	1,666	100.0

Source: 2012 and 2013 CRA Small Business Loan Registers, 2012 Aggregate Data, and 2012 and 2013 D&B

The Bank's 2012 lending within the low-and moderate-income census tracts is lower than the percentage of businesses operating within those census tracts and the aggregate performance in each census tract income level. As previously stated, this may be due to the expanded assessment area and the fact the Bank did not previously operate in these areas. Further, unlike the analysis of home mortgage loans, this analysis does not include any small business loans originated by CCB, as CCB was not required to report this data. The Bank increased its level of lending in low-income tracts in 2013; however, the percentage of loans in moderate-income tracts decreased slightly.

Small Farm Loans

The Bank made each of its small farm loans in middle-income census tracts in 2013.

Borrower Characteristics

The distribution of loans was reviewed to determine the extent to which the Bank has addressed the credit needs of area residents and small businesses. Overall, the Bank has achieved an excellent penetration of loans to borrowers of different income levels. The distribution of home mortgage loans was excellent, and the distribution of small business loans was good. The following sections detail this analysis by loan type.

Home Mortgage Loans

The Bank has achieved an excellent penetration of loans to borrowers of different income levels. Refer to Table 7 for information concerning the distribution of home mortgage loans by borrower income.

Table 7 Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Total Families	2012 Bank Lending		2012 Aggregate Lending Percentage	2013 Bank Lending	
		#	%		#	%
Low	20.2	217	8.1	4.5	137	8.1
Moderate	16.4	607	22.7	15.2	327	19.3
Middle	21.4	696	26.0	23.0	478	28.3
Upper	42.0	1,036	38.6	43.9	635	37.6
N/A	0.0	122	4.6	13.4	114	6.7
Total	100.0	2,678	100.0	100.0	1,691	100.0

Source: 2010 U.S. Census Data, 2012 and 2013 HMDA LARs, and 2012 Aggregate Data

In 2012, the proportion of home mortgage loans to moderate-income borrowers exceeded demographic and aggregate data. Lending to low-income borrowers was lower than the percentage of low-income families in the area; however, the Bank's percentage of lending to low-income borrowers is nearly double that reflected by the aggregate. It is noted that 5.8 percent of assessment area families are below the poverty level, which is a subset of low-income families. Considering the high cost of housing, low-income families, particularly those with incomes below the poverty threshold would likely have difficulty qualifying for a home mortgage loan using conventional underwriting standards.

Market rank data provides additional insight into the Bank's record of home mortgage lending to low- and moderate-income borrowers. The market rank data shows that in 2012, the Bank ranked 9th among the 334 HMDA reporting lenders that originated and purchased home mortgage loans to low-income borrowers. As for moderate-income borrowers, the Bank ranked 12th out of 418 HMDA reporting lenders. The Bank's ranking in terms of lending to low- and moderate-income borrowers exceeded its overall market rank of 15th. The banks that ranked higher include much larger institutions, including Wells Fargo Bank NA, JPMorgan Chase Bank NA, Sovereign Bank NA, RBS Citizens NA, Bank of America NA, and Citibank NA.

In 2013, lending to low-income borrowers remained constant. For moderate-income borrowers, it decreased slightly; however, exceeded demographic data.

The Bank's excellent performance of home mortgage lending under this criterion is attributed to its use of innovative and flexible loan products. Rockland Trust offers several products directed towards low- and moderate-income borrowers, such as the Soft Second loan program, MassHousing loans, and the Federal Home Loan Bank Equity Builder loan program, which are described in further detail in the *Innovative or Flexible Lending Practices*.

Small Business Loans

The Bank demonstrated a good distribution of small business loans by gross annual revenues. The distribution of small business loans by gross annual revenue level is depicted in Table 8.

Table 8 Distribution of Small Business Loans by Gross Annual Revenues*						
Gross Annual Revenues	% of Total Businesses	2012 Bank Lending		2012 Aggregate Lending Percentage	2013 Bank Lending	
		#	%		#	%
≤ \$1 Million	72.2	719	48.0	42.1	765	45.9
> \$1 Million	5.2	678	45.3	57.9	550	33.0
NA	22.6	101	6.7	--	351	21.1
Total	100.0	1,498	100.0	100.0	1,666	100.0

Source: 2012 and 2013 CRA Small Business Loan Registers, 2012 Aggregate Data, and 2012 and 2013 Business Geodemographic Data

Of the 1,498 small business loans extended by the Bank inside its assessment area in 2012, 719 loans, or 48.0 percent were to businesses with gross annual revenues of \$1 million or less. This percentage is significantly below the percentage of businesses in that revenue category; however, this percentage exceeds aggregate performance. In 2013, the percentage slightly declined, although the number of loans to small businesses increased with the overall increase in lending volume.

The Bank's good performance of lending to small businesses is further supported by a review of loans by loan size. A majority (54 percent) of the Bank's small business loans were for amounts of less than \$100,000 in 2012, with an increase to 60 percent in 2013.

Community Development Lending

The Bank's community development lending activities are evaluated pursuant to the following criteria: (1) the extent to which community development lending opportunities have been made available to the institution; (2) the responsiveness of the institution's community development lending; and (3) the extent of leadership the institution has demonstrated in community development lending.

For the purpose of this evaluation, a community development loan is a loan that: (1) has community development as its primary purpose; (2) has not already been reported by the bank for consideration under small business or home mortgage lending (unless it is a multifamily dwelling loan); and (3) benefits the bank's assessment area or a broader statewide or regional area that includes the bank's assessment area.

Rockland Trust is a leader in making community development loans. During this evaluation period, the Bank originated 36 community development loans totaling approximately \$85.9 million. During the previous CRA evaluation period, the Bank originated 12 community development loans totaling \$40.2 million. The significant increase is due to the Bank's involvement in the NMTC program. Of the 36 community development loans extended during this evaluation period, 25 totaling nearly \$59.3 million were through the NMTC program. The Bank's community development lending activity is summarized in Table 9.

Table 9 Community Development Loans						
Community Development Category	2011		2012		2013	
	#	\$(000s)	#	\$(000s)	#	\$(000s)
Affordable Housing	0	0	0	0	8	14,091
Community Services*	0	0	2	5,450	1	11,340
Revitalization/Stabilization**	0	0	2	6,200	9	21,426
Economic Development	4	8,350	3	5,790	7	13,206
Neighborhood Stabilization Projects	0	0	0	0		0
Total	4	8,350	7	17,440	25	60,063

Source: Internal Bank Records

*Targeted to Low- or Moderate Income Individuals **Of Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies

The following list provides an example of Rockland Trust's community development loans made during the evaluation period:

- In 2012, the Bank originated a \$2.5 million loan to a non-profit organization for purchasing and renovating a property in downtown New Bedford (low- and moderate-income area). According to the New Bedford Economic Development Council, the City is on a 10-year cycle of redevelopment. The organization provides social services to children and families in the Southeastern Massachusetts area that cannot otherwise afford them.
- In 2013, the Bank originated two loans totaling \$19,740,000 to an organization that provides affordable assisted living housing and a skilled nursing facility. Not fewer than 57 of the 71 units in the assisted living housing will be leased to low- and moderate-income individuals. Additionally, 84 of the 112 beds in the nursing facility are designated for patients that receive public assistance.
- In 2013, the Bank originated a \$1.5 million loan for developing a condominium project in Duxbury. Four of the six units are designated to be affordable with sales prices not to exceed \$250,000.
- In 2013, the Bank originated a \$2,950,000 loan for the rehabilitation of a building in downtown Fall River, a predominantly low- and moderate-income area, which is targeted by the City and the Fall River Officer of Economic Development for redevelopment and economic stabilization. Once completed, the building will house several businesses and create employment opportunities.
- In 2013, the Bank originated a loan for \$1,095,000 to construct an 8,000 square foot retail building in Brockton, a low- and moderate-income area targeted for redevelopment by the State. The new store will provide employment opportunities.

Innovative or Flexible Lending Practices

The institution's innovative and flexible lending practices are evaluated pursuant to the following criteria: (1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and (2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

Rockland Trust uses innovative and flexible lending practices in order to serve the assessment area's credit needs. The Bank offers various special mortgage loan programs to assist either lower-income individuals or first-time homebuyers in pursuing or maintaining home ownership. Additionally, the bank offers Small Business Administration (SBA) loans to better meet the credit needs of the area's small businesses. Loans originated under these programs were reported on the bank's HMDA LARs and CRA Small Business Loan Registers and have already received credit in the Lending Test. The programs described below highlight the innovative and flexible underwriting standards employed in the origination of loans for low- and moderate-income individuals and to businesses of different sizes.

During the evaluation period, the Bank originated 774 residential loans totaling \$148.2 million under these programs. The Bank made 116 loan modifications to help customers avoid foreclosure. Additionally, the Bank originated 211 SBA loans totaling \$57.3 million during this evaluation period. The following sections describe the innovative and/or flexible lending programs used by the Bank during the evaluation period.

MassHousing Loans:

Rockland Trust is a MassHousing approved lender. MassHousing is a quasi-public authority charged with increasing affordable home ownership opportunities. MassHousing loans offer affordable fixed-rate loans, 30-year repayment terms, low and no down-payment options, flexible underwriting and income limits, and mortgage payment protection. MassHousing loans include Purchase and Rehab Loans, MassHousing Program 700, MassHousing Affordable Advantage, MassHousing Right Rate, and My Community. These loan programs are available for first-time homebuyers to take advantage of 30- to 40-year, below market, fixed-rate financing for the purchase of a home. Purchase and rehabilitation loans are for first-time homebuyers that are purchasing a home requiring major repairs. Borrowers may finance up to 97 percent of the sales price or the appraised value, whichever is less. During the examination period, the bank originated 160 MassHousing loans totaling \$35,370,645.

Soft Second Mortgage Program:

This program is a joint initiative of the public and private sectors to increase affordable housing opportunities for low- and moderate-income homebuyers. It combines a conventional first mortgage with a subsidized second mortgage to help first-time low- and moderate-income individuals qualify for a mortgage. During the examination period, the Bank made 152 loans totaling \$9,370,283.

The Buy Cities Program (Brockton/Fall River/New Bedford):

This program originally started in 2008 as “The Buy Brockton Program”; however, the Bank added the Cities of New Bedford and Fall River in 2009, thus creating “The Buy Cities Program.” The program is designed to alleviate some of the negative impact from the current foreclosure crisis by offering qualified buyers financing to purchase homes currently owned by banks through foreclosures or those that will be sold in short sales. The loan program offers a 30-year fixed-rate loan, with a maximum loan-to-value of 100 percent, discounted interest rates, discounted closing costs, and no-cost mortgage payment protection insurance through MassHousing. The bank originated 2 loans totaling \$325,200 through this program.

Fannie Mae Desktop Underwriter® (DU®) Refinance Plus Program:

This Fannie Mae program allows homeowners to refinance their current Fannie Mae mortgages into better terms. The goal of this program is to provide access to low-cost refinancing for responsible homeowners who have experienced falling home prices. The refinancing reduces the monthly principal and interest payments or moves the borrower from a higher-cost loan structure, such as interest-only or short term adjustable-rate mortgages, to a more stable product. DU® Refinance Plus loans feature flexible underwriting, including expanded eligibility criteria and DU minimum documentation requirements. The Bank originated 207 loans totaling \$45.2 million during this evaluation period.

Freddie Mac Open Access:

This program is designed to assist borrowers who are making timely mortgage payments, but have been unable to refinance due to declining property values. The program offers relief from standard mortgage insurance, simplified appraisal requirements, and no maximum loan-to-value ratios. During this evaluation period, the Bank originated 103 loans totaling \$25,383,240.

Federal Housing Administration (FHA) Loans:

These loans allow for low down payments and lower credit scores. During this evaluation period, the Bank originated 132 loans totaling \$32,387,328.

Federal Home Loan Bank (FHLB) Equity Builder:

The FHLB Equity Builder program provides down payment assistance for low- and moderate-income home loan applicants. During this evaluation period, the Bank originated 18 loans totaling \$154,322. As Rockland Trust is a member of the FHLB, its membership increases the funds that are available for affordable housing loan programs.

Loan Modifications:

The Bank offered loan modifications for residential loans to help customers avoid foreclosure and retain homeownership. During the evaluation period, the Bank made 116 loan modifications.

SBA Loan Programs:

The Bank also offers loan programs through the SBA, including the SBA 504, SBA 7(a), and the SBA Express Program. These programs offer financing for qualified businesses that may not be eligible for traditional bank financing. Rockland Trust originated 211 SBA-guaranteed loans totaling \$57.3 million during the examination period. Of those loans, 171 totaling \$25.9 million were through the SBA's 7(a) program and 40 loans totaling \$31.4 million through the SBA's 504 program. No loans were originated through the SBA's Express Program during this evaluation period.

From 2011 through 2013, Rockland Trust was named the top SBA 504 3rd Party Lender of the Year in Massachusetts based on dollar volume. In 2013, Rockland Trust was named the top SBA Lender to veterans in Massachusetts, as 11 percent of its total originations were extended to veterans.

INVESTMENT TEST

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s). A qualified investment for the purpose of this CRA evaluation is a lawful investment, deposit, donation, or grant that has community development as its primary purpose. Community development purposes include those that either: 1) provide affordable housing for low- or moderate-income individuals or areas; 2) provide community services targeting low- or moderate-income individuals or areas; 3) promote economic development by financing small businesses; 4) revitalize or stabilize low- or moderate-income geographies; or 5) support, provide or facilitate activities that are eligible under the Neighborhood Stabilization Program. Activities considered under the Lending Test or Service Test may not be considered under the Investment Test.

The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

The Bank's qualified community development investments and donations reflect excellent responsiveness to the credit and community development needs of the assessment areas. The Bank has taken a leadership role in making investments through innovative and complex investments not routinely provided by other investors. This is best evidenced by the Bank's involvement in the New Markets Tax Credit Program. Rockland Trust has also been responsive to community needs by providing donations to organizations that support community development services and affordable housing initiatives.

During the evaluation period, the Bank's qualified equity investments and community development donations totaled \$136,584,890.

Equity Investments

Qualified equity investments total \$135,954,508, which represents 2.2 percent of total assets and 17.6 percent of the Bank's total investments of \$772,432,000 as of December 31, 2013. The institution's investment in its direct and indirect community development corporation subsidiaries comprised the substantial majority of the institution's qualified equity investments. Descriptions of the institution's qualified equity investments follow:

- In 2011, CDE IV was granted a NMTC award of \$66 million. Of the 314 applications received nationwide, Rockland Trust was 1 of 70 organizations to receive an award. Rockland Trust's award was allocated toward supporting real estate and non-real estate businesses in low-income communities in Southeastern Massachusetts and throughout the state of Rhode Island. The allocation was made with the intent that the institution would address the high demand for investments in communities challenged by high levels of poverty and unemployment, and lower median incomes.

Between July 2012 and December 2013, Rockland Trust funded the entire \$66 million award into CDE IV. As of January 2014, the Bank, through CDE IV, has originated \$5.3 million in small business loans (loans that may have a community development purpose, but are in amounts of \$1 million or less), and \$46.7 million in community development loans (loans in original amounts greater than \$1 million). Considering the original investment amount of \$66 million, less the small business and community development loans considered under the applicable Lending Test performance factors, Rockland Trust's remaining investment in CDE IV is \$13,940,800.

The current book value of the Bank's prior period investments in CDCs I and II and CDE III is \$130,512,402. Similar to CDE IV, a significant number of small business and community development loans were funded through these prior period investments, and most recently, significant loan origination activity occurred through CDE III. The total dollar amount associated with loans considered in this evaluation as either a small business or a community development loan under applicable Lending Test performance criteria was deducted from the current book value. The current book value of the CDE III investment, less this deduction, is \$115,996,402.

- **Access Capital Strategies Community Investment Fund (ACSCIF):** The ACSCIF is a Securities Exchange Commission-registered fund structured as a business development corporation. The fund's primary purpose is to provide a secondary market and financing vehicle for community development loans. The fund invests in private placement debt securities that support the development of affordable rental housing units, SBA-guaranteed loans, and economic development projects in urban and rural communities across the United States. As of December 31, 2013, the book value was \$3,012,526.
- **Cromwell Court Preservation Associates LP:** In 2011, the Bank invested in a limited partnership in Cromwell Court Preservation Associates LP by purchasing \$1,701,002 in low-income housing tax credits. The tax credits aided in preserving and rehabilitating 124 units of affordable family housing in Hyannis, Massachusetts.

- **Boston Community Capital:** Boston Community Capital is a community development financial institution whose mission is to build healthy communities where low-income individuals live and work. As part of the CCB acquisition, Rockland Trust assumed a \$1,000,000 equity equivalent investment in the Boston Community Loan Fund (BCLF). The BCLF provides loans to nonprofit organizations, community development corporations, and local developers that build affordable housing and provide social and community services for underserved communities. As of December 31, 2013, the book value was \$1,000,000.
- **South Eastern Economic Development (SEED) Venture Finance, LLC:** This is a private investment firm that specializes in subordinated debt, senior debt, and equity investments in small- and medium-sized businesses. The firm manages SEED Ventures L.P., which is a \$20 million Small Business Investment Company focused on investments in Southeastern Massachusetts and Rhode Island. Since 2004, the Bank has committed a total of \$1,250,000, of which \$595,250 has been funded. As of December 31, 2013, the book value was \$276,440.
- **Massachusetts Business Capital Fund II:** This is a limited partnership managed by the Massachusetts Business Development Corporation (MBDC). MBDC was formed to promote economic development within the Commonwealth of Massachusetts and assist small and middle-market companies in finding solutions to their capital needs through private, state, and federal programs. This fund is designed to target main street businesses in Massachusetts with working capital and expansion financing to grow companies and improve employment opportunities. The Bank's initial commitment in 2001 was \$1,000,000. As of December 31, 2013, the book value was \$27,338.

Charitable Contributions

Prior to acquiring Benjamin Franklin Bank in 2005, Rockland Trust maintained its own charitable foundation, RTC Charitable Foundation. Donations were made both directly through the Bank and through the charitable foundation. When Rockland Trust acquired Benjamin Franklin Bank, it also acquired the Benjamin Franklin Bank Charitable Foundation. In 2009, the Benjamin Franklin Bank Charitable Foundation was formally changed to The Rockland Trust Company Charitable Foundation and continued to provide support for qualified non-profit charitable causes in the 14 communities previously served by Benjamin Franklin Bank. In November 2013, Rockland Trust received conditional approval from the Division to administratively merge the two foundations into the Rockland Trust Charitable Foundation, Inc.

Through the Rockland Trust Charitable Foundation scholarship program, the institution awards \$2,500 scholarships to students who meet the eligibility requirements. This includes a limit on a student's maximum family income of \$59,360, which is approximately 65.6 percent of the median family income for the assessment area as of 2012. This program was established in 2005 by the former Benjamin Franklin Charitable Foundation and provides scholarships to graduating seniors from approximately ten high schools located in the assessment area.

The total amount of qualified CRA grants, donations, and scholarships made by the Bank during December 28, 2010, through February 10, 2014, was \$630,382, representing 31.5 percent of total contributions of \$2,002,442 during the evaluation period. The donations and scholarships

provided by the bank and the foundation help provide a variety of services to low- and moderate-income individuals and families. This includes assistance with food, healthcare, education, affordable housing, and the economic development of low- and moderate-income communities. Table 10 details the Bank's community development donations by purpose and year. No qualified donations were made during December 28, 2010, through December 31, 2010.

Table 10					
Community Development Grants and Donations by Category					
Category	2011	2012	2013	YTD 2014	Total
	\$	\$	\$	\$	\$
Affordable Housing	13,960	4,500	8,000	0	26,460
Community Services*	154,850	184,300	183,000	22,500	544,650
Revitalization/Stabilization**	0	250	0	0	250
Economic Development	24,647	16,275	18,100	0	59,022
Neighborhood Stabilization Projects	0	0	0	0	0
Total	193,457	205,325	209,100	22,500	630,382

*Source: Internal Bank Records. * Targeted to Low- or Moderate-Income Individuals*

***Of Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies*

As indicated in Table 10, the vast majority of donations were targeted toward organizations that provide services to low- and moderate-income individuals and families. In addition, \$59,022, or 9.4 percent of the donations were made to organizations that focus on economic development; and \$26,460, or 4.2 percent, were for organizations that focus on affordable housing. Of the \$544,650 targeted toward community development services, approximately 16.1 percent was for educational scholarships targeted to low- and moderate-income students. The \$630,382 in CRA qualified donations by the Bank and Foundation represent a 31.2 percent increase since period covered for the last evaluation. At that time, the Bank made qualified donations totaling \$480,522.

During the evaluation period, the Bank made approximately 328 donations to 136 different organizations. The following section provides a sample of the organizations to which the Bank made donations during the evaluation period.

Food Pantries – Approximately 33.6 percent of donations for community development services were to food pantries throughout the assessment area. Bank management indicated that providing meals for low- and moderate-income individuals and families was an identified need across all assessment area geographies.

HomeStart, Inc. – This organization assists homeless individuals and families transition from shelters to permanent housing. Further, it helps each participant re-integrate into their community by providing support services such as money management programs and life skills training.

Horizons for Homeless Children – This organization improves the lives of young homeless children in Massachusetts and helps their families succeed by providing high-quality early education, opportunities for play, and comprehensive family support services.

Neighborhood Housing Services (NeighborWorks) – This organization creates housing opportunities by educating and assisting first-time homebuyers, developing affordable housing for those in need, and extending home rehabilitation loans.

Pro-Home, Inc. – This organization produces, and advocates for, affordable housing to help prevent loss of, or displacement from existing housing. Pro-Home, Inc. also works toward eliminating discrimination in housing and bringing together diverse groups and individuals to aggressively work toward affordable housing solutions.

South Shore Housing Development Corporation – This organization helps low- and moderate-income families and individuals secure affordable housing and use that housing to improve their economic stability and wellbeing.

Women of Means – The mission of this organization is to improve the lives of women who are homeless or marginally housed through quality healthcare, education, and advocacy. The organization works to improve immediate access to healthcare for the Commonwealth's poorest women and children, provide medical supplies and equipment to health care professionals and shelter staff treating indigent populations.

SERVICE TEST

The Service Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that serve low- or moderate-income individuals; 3) the availability and effectiveness of alternative systems for delivering retail banking services in low- and moderate-income areas and to low- and moderate-income individuals; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs in those geographies.

The institution's community development services are evaluated pursuant to the following criteria: 1) the extent to which the bank provides community development services; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and, 4) their responsiveness to available opportunities for community development services.

Rockland Trust demonstrated leadership in providing community development services that are particularly responsive to assessment area needs and opportunities.

Distribution of Branches

The Bank's service delivery systems, including branches and ATMs, are accessible to essentially all portions of the assessment area.

Rockland Trust maintains 76 full-service branches. Branches are located in Abington, Arlington, Attleboro, Bellingham, Bourne, Braintree, Bridgewater, Brockton (3), Burlington, Carver, Centerville, Chatham, Chestnut Hill, Cohasset, Duxbury, Fairhaven, Fall River (2), Falmouth (3), Foxborough, Franklin (2), Halifax, Hanover, Hanson, Hingham, Hull, Hyannis, Kingston, Malden, Manomet, Marshfield, Mashpee, Medfield, Medford, Melrose, Middleboro (2), Milford, New Bedford, Newtonville, Norwell, Orleans, Osterville, Pembroke, Plymouth (3), Quincy, Randolph, Raynham, Rochester, Rockland, Sandwich, Scituate, Seekonk, Somerset (2), Somerville, South Yarmouth, Stoughton, Waltham (2), Wareham (2), Watertown, Wellesley, West Dennis, Weymouth, Whitman, and Woburn (2).

The Bank operates two limited-service branches. One limited service branch is located in Duxbury and serves the residents at the Village of Duxbury, an assisted living residence. The other limited service branch is located at Woburn High School and provides the students with educational and vocational opportunities.

All full-service branches have at least one automated teller machine (ATM). The bank maintains 36 drive-up ATMs, and also operates eight remote ATMs. The remote ATMs are located at the Hanover Mall, Cabot's Ice Cream in Newton, North Attleboro (Washington Street), North Quincy (Hancock Street), Pembroke (Church Street), Somerville (Highland Avenue), Waltham River Shopping Plaza, and South Shore Hospital in Weymouth. Table 11 illustrates the geographic distribution of the bank's full-service branches (excluding high school offices) and ATMs compared to applicable demographic data.

Table 11 Distribution of Branches and ATMs						
Census Tract Income	% of Tracts	% of Population	Full- Service Branches		ATMs	
			#	%	#	%
Low	7.0	5.5	3	3.9	3	2.9
Moderate	18.9	16.8	10	13.2	11	10.8
Middle	45.3	46.9	46	60.5	61	59.8
Upper	28.4	30.6	17	22.4	27	26.5
NA	0.4	0.2	0	0.0	0	0.0
Total	100.0	100.0	76	100.0	102	100.0

Source: Internal Bank Records and 2010 U.S. Census Data

The percentage of branches and ATMs located in low- and moderate-income tracts is below the percentage of tracts and population in these income levels; however, several of the Bank's branches in the middle-income census tracts are in close proximity to the area's low- and moderate-income geographies.

Record of Opening and Closing Branches

The Bank's record of opening and closing branch offices has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.

As a result of the aforementioned two bank acquisitions, several additions and changes were made to the Bank's branch structure since the previous CRA evaluation. In total, 17 branches were acquired. The CCB acquisition accounted for nine additional branches in the municipalities of Arlington, Burlington, Chestnut Hill, Malden, Medford, Melrose, Somerville, and Woburn (2). Of these branches, three are in moderate-income census tracts, five are in middle-income tracts, and one is in an upper-income tract. The MCB acquisition accounted for eight additional branches in Bridgewater, Lakeville, Middleboro, Plymouth (2), Rochester, and Wareham (2). Of these eight branches, Rockland Trust retained four, all of which are in middle-income census tracts. These were in Middleboro, Plymouth (Court Street), Rochester, and Wareham (Cranberry Highway). The remaining four were not reopened as Rockland Trust branches, including a branch each in a moderate- and a middle-income tract, and two in upper-income census tracts.

Rockland Trust closed two branches that it operated prior to the acquisitions. On December 6, 2013, the Bank closed the 836 North Main Street branch in a moderate-income census tract of Brockton. On December 13, 2013, the Bank closed the 8 Station Street branch in a middle-income census tract of Middleboro. The closures did not adversely impact the accessibility of services in these areas given the existing branch presence.

Retail Banking Services

The bank's services, including business hours, do not vary in a way that inconveniences its assessment area, particularly in low- and moderate-income geographies or for low- and moderate-income individuals. Branch hours are convenient and comparable to other institutions.

Many full-service branches have drive-up hours and extended hours. Except for the Malden location, branches are open on Saturdays. Sunday hours are available in Abington, Attleboro, Brockton (485 Belmont Street), Fall River (768 Robeson Street), Franklin (231 East Central Street), Plymouth (1 Pilgrim Hill Road), Hingham, Hanover, Mashpee, Middleboro (135 South Main Street), Norwell, Quincy, Raynham, Seekonk, South Yarmouth, and Wareham (Routes 6 & 28).

Alternative Delivery Systems

ATMs are available at each branch. The bank also operates 36 walk-up/drive-up ATMs and 8 remote ATMs throughout the assessment area.

The Bank offers Telephone Banking, which provides the ability for customers to access information about personal checking, savings, or lines of credit. A telecommunication device for hearing impaired customers is also available.

The Bank's website, www.rocklandtrust.com, allows access to Online Banking. Online Banking provides customers with instant access to account information, electronic bill payment, stop payments, and scheduled transfers. The bank offers mobile banking through a mobile device

application, which provides customers with many of the same conveniences as Online Banking, but through a mobile device. An additional feature of the mobile banking application is mDeposit (mobile-deposit), which offers customers a convenient way to deposit checks using their mobile device. Those customers without a smart-phone or data plan can utilize Text Banking. Users are able to check balances, view account history, and make transfers.

Community Development Services

Rockland Trust is a leader in providing community development services. The Bank offers financial services and technical assistance to numerous community development organizations throughout the assessment area. In addition, personnel provide financial education through a variety of seminars and events. The following section provides examples of these community development services. All of the services meet the definition of community development, and relate to the provision of financial services.

Boys and Girls Club of New Bedford/Wareham - The Club's mission is to provide a stimulating and wholesome environment which promotes social, educational, character, and physical development for children and young adults. The club is located in New Bedford where 60 percent of the families are low- and moderate-income, with 20 percent being below the poverty level. The Bank's Regional Branch Manager currently serves as a Board member, and has served for the past three years.

Boys and Girls Club of Brockton - The Bank's Executive Vice President of Commercial Lending serves as Chairman of the Board at the Boys and Girls Club of Brockton. Approximately 58 percent of Brockton families are low- and moderate income; 12 percent have incomes below the poverty level.

Catholic Charities South - This non-profit organization is located in Brockton and offers a continuum of care, including basic needs and emergency services, such as: food, fuel, rental and utility assistance; family youth and support services; English classes; and mental health and substance abuse counseling. The Bank's Commercial Lending Officer has served as a Board Member for the past 10 years. As previously noted, nearly 58 percent of the families residing in Brockton are low- and moderate-income.

Child and Family Services of New Bedford - The organization provides outreach and counseling to children exposed to abuse or violence, families coping with mental illness, or matching children with mentors or loving adoptive families. The agency's programs serve more than 18,000 people each year. The Bank's regional branch manager currently serves as a Board member. Approximately 60 percent of New Bedford families are of low- or moderate-income.

Massachusetts Housing Partnership (MHP) - MHP is a statewide, non-profit organization that was established in 1985 to increase the state's production of affordable housing and to find creative solutions to address the need for affordable housing. For the past six years, the Bank's President has served as a Board member and currently serves as Chairman of the Board.

Montello Affordable Housing Corporation - This organization, located in Brockton, focuses on housing development, construction, and management programs. The Bank's Executive Vice President of Commercial Lending currently serves as a Board Member.

New Markets Tax Credit Coalition - The membership organization advocates on behalf of the NMTC Program. The goal of the program is to spur revitalization efforts of low-income and impoverished communities across the United States. The NMTC Program provides tax credit incentives to investors for equity investments in certified Community Development Entities, which invest in low-income communities. The Bank's General Counsel has served on the Board for the past 10 years.

South Eastern Economic Development (SEED) - SEED focuses on job creation by financing all types of small businesses in Massachusetts and Rhode Island. The Executive Vice President of Commercial Lending has served as Chairman of the Board for the past 10 years.

Southeastern Massachusetts Affordable Housing Corporation (SMAHC) - This organization is a non-profit housing developer that builds and renovates housing for low- and moderate-income families, and offers a number of housing-related services. The Executive Vice President of Commercial Lending currently serves as the President.

Educational Services and Seminars

Rockland Trust's officers and employees have participated in seminars and other bank-sponsored events throughout the evaluation period, which provide education to the community regarding a variety of financial topics and issues. These events also provide opportunities for Bank representatives to inform attendees about the Bank's products and services, and for Bank personnel to gain information about unmet credit and community development needs in the assessment area. The following sections describe a sample of the Bank's educational program involvement.

Residential

Throughout the examination period, Rockland Trust partnered with Citizens Housing and Planning Association and sponsored first-time homebuyer seminars throughout the assessment area. Counseling is provided for prospective homebuyers on all areas of mortgage lending and topics such as credit and budgeting, and the mortgage process are covered. The workshops occur several times a year, and are held at Rockland Trust's Investment Center in Hanover.

Small Business

In 2012 and 2013, the Bank provided small business training in conjunction with SEED and the Metro South Chamber of Commerce. There was a two day business workshop held in Brockton. The first workshop, *Learn the Fundamentals in Planning, Preparing, and Financing Your Business*, was geared toward helping potential entrepreneurs evaluate and understand the fundamentals of owning one's own business. The second workshop, *Understanding the Purpose of Financial Statements and How They Can Help Determine the Health of Your Business*, was focused on helping attendees understand a balance sheet, income statement, and cash flow statement. The workshop also explained how a small business owner can anticipate financial needs to operate a business more efficiently. Rockland Trust also participated in several other SEED-sponsored workshops in Fall River and New Bedford. Each workshop covered varying topics and was geared toward small business startups.

Rockland Trust facilitated a series of nine workshops for small to mid-sized nonprofit organizations in southeastern Massachusetts during this evaluation period. Topics included financing, sustainable funding, sponsorship, grants, human resources, strategic planning, investments, and branding. Staff from the Bank presented at these workshops.

In 2013, Bank personnel participated at the annual Advancing Women's Excellence Conference and conducted training sessions on small business lending.

Other

During the evaluation period, employees participated in the Boston College High School Credit for Life Fair in Boston, and the South Shore Vocational Tech High Credit for Life Fair in Hanover. These events focus on financial education for high school students by teaching the importance of budgeting and smart spending habits.

Financial Literacy Programs

Rockland Trust's branch managers facilitated financial literacy programs for students ranging from kindergarten to high school. The programs were created to teach the importance of saving and developing smart spending habits by covering topics such as basic savings and spending practices, how interest works, general discussions about credit, and debit cards.

Annually, the Bank participates in the Teach Children to Save Day, a program sponsored by the American Bankers Association Education Foundation. The program raises awareness about the important role that banks and bankers play in helping young people develop lifelong savings habits. Rockland Trust chooses several schools in the area and makes presentations on savings to the students.

In 2011, 2012, and 2013, the Bank participated in the Reading Makes Cents Program. This is a bank-wide summer reading program that encourages children to read during the summer and teaches the value of saving money in a savings account. Students earned \$2.50 in their Rockland Trust savings account for each book read. Over three summers, there were 3,677 registered students in the program. Students read a total of 31,967 books and a total of \$79,917 incentive dollars were paid out to the students.

Other Community Development Services

Rockland Trust participates in the Interest on Lawyer's Trust Accounts (IOLTA) program. Interest earned is utilized to help fund improvements in the administration of justice and delivery of legal services to low-income clients.

The Bank participates in the Massachusetts Community and Banking Council's (MCBC) Basic Banking in Massachusetts program. This statewide program is designed to offer low cost checking and savings accounts to low- and moderate-income individuals.

FAIR LENDING OR OTHER ILLEGAL PRACTICES

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

METROPOLITAN AREA RECEIVING FULL-SCOPE REVIEW

DESCRIPTION OF INSTITUTION'S OPERATIONS IN BOSTON-CAMBRIDGE-NEWTON, MA-NH MSA

This area includes municipalities that are located in the following counties: Norfolk, Plymouth, Suffolk, Essex, and Middlesex. The bank operates 53 of its 76 full-service branches in this MSA portion of the assessment area. Summarized in Table 12 is pertinent demographic information concerning this MSA.

Table 12 Demographics for Boston-Cambridge-Newton, MA-NH MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	474	5.1	18.8	44.5	31.0	0.6
Population by Geography	2,285,656	4.4	17.5	46.7	31.3	0.1
Owner-Occupied Housing by Geography	561,367	1.7	11.9	50.4	36.0	0.0
Businesses by Geography	208,735	3.5	13.0	46.1	37.4	0.0
Farms by Geography	3,511	1.2	7.8	54.0	37.0	0.0
Family Distribution by Income Level	551,024	19.8	16.2	21.4	42.6	0.0
Median Family Income		\$87,983	Median Housing Value		\$440,700	
FFIEC Adjusted Median Family Income for 2012		\$94,643	Unemployment Rate **		5.9%	
Families Below Poverty Level		5.2%				

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2012 FFIEC updated MFI

** Source: Bureau of Labor Statistics for December 2013

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN BOSTON-CAMBRIDGE-NEWTON, MA-NH MSA

LENDING TEST

Lending Activity

Considering the Bank's operations in this MSA portion of the assessment area, Rockland Trust's home mortgage and small business lending activity reflects excellent responsiveness to assessment area credit needs. The following sections describe lending activity in this MSA by loan type.

Home Mortgage Loans

In 2012, the Bank originated 1,819 home mortgage loans, or 67.9 percent of total home mortgage loans in the assessment area within this MSA. In 2013, the percentage of loans extended in this area increased to 69.4 percent, despite a decrease in the number of originations to 1,174 loans.

Small Business Loans

Of the 1,498 small business loans made in the assessment in 2012, 1,110 (74.1 percent) were in this MSA. In 2013, the Bank's percentage of small business lending in this area decreased to 72.7 percent despite an increase in the total number of small business originations.

Geographic Distribution

The distribution of loans by census tract income level reflects adequate dispersion throughout this MSA, particularly in low- and moderate-income geographies. The following sections discuss the Bank's performance by loan type.

Home Mortgage Loans

Considering the demographics of the assessment area, aggregate data, and performance context factors, the distribution of home mortgage loans reflects adequate penetration throughout the MSA. In 2012, the Bank originated 0.9 percent of its home mortgages within the low-income tracts. This was slightly less than aggregate at 1.4 percent and demographic data at 1.7 percent. The Bank made 7.4 percent of its home mortgage loans in moderate-income census tracts in 2012, which was less than aggregate at 9.3 percent and demographic data at 11.9 percent.

In 2013, the Bank's lending in the low- and moderate-income tracts increased to 1.8 percent and 11.1 percent, respectively. In the low-income tracts, the Bank was in line with demographic data at 1.7 percent; whereas, it was slightly less than demographic data (11.9 percent) in terms of lending in the moderate-income tracts. This increasing trend is due, in part, to the expansion of the Bank's assessment area that occurred as a result of the acquisition of the CCB in September 2012, and added 4 low- and 30 moderate-income census tracts. The increasing trend between 2012 and 2013 contributed to the overall adequate distribution of home mortgage loans throughout the assessment area.

Small Business Loans

Considering the demographics of the assessment area, aggregate data, and performance context factors, the distribution of small business loans reflects adequate penetration throughout the MSA.

In 2012, the bank made 1.7 percent of its small business loans in the low-income tracts of the MSA, which was less than the aggregate at 3.4 percent and demographic data at 3.5 percent. The Bank originated 11.6 percent of its small business loans in moderate-income tracts, which was slightly less than aggregate at 12.9 percent and demographic data at 13.0 percent. The Bank's performance of lending in low- and moderate-income tracts in 2012 is within a reasonable range of aggregate and demographic data.

In 2013, lending in the low-income census tracts increased to 3.2 percent, while lending the moderate-income census tracts remained stable.

Small Farm Loans

This portion of the assessment area includes the three farm loans that were originated in 2013; all are located in middle-income census tracts.

Borrower Characteristics

Overall, the distribution of loans to borrowers of different incomes and businesses of different sizes is excellent. As discussed in the following sections, the bank demonstrated an excellent penetration of loans to borrowers of different income levels (particularly those of low- and moderate-income), and a good distribution of loans to businesses of different sizes (particularly businesses with gross annual revenues of \$1 million or less).

Home Mortgage Loans

The Bank achieved an excellent penetration of home mortgage loans among borrowers of different incomes when compared to aggregate data and area demographics. In 2012, the Bank originated 8.3 percent and 23.0 percent of its home mortgages to low- and moderate-income borrowers, respectively. These lending levels significantly exceeded aggregate data at 4.5 percent and 15.2 percent, respectively. Lending was less than the percentage of low-income families at 19.8 percent; however, 5.2 percent of MSA families are below the poverty level and likely unable to qualify for a mortgage. At 23.0 percent, the Bank's lending to moderate-income borrowers was significantly greater than demographic data at 16.2 percent.

The Bank's level of lending to low-income borrowers remained constant from 8.3 percent in 2012 to 8.3 percent in 2013; however, lending to moderate-income borrowers declined slightly to 19.8 percent. The performance of lending to low-income borrowers was less than demographic data; however, lending to moderate-income borrowers exceeded demographics.

Small Business Loans

The Bank achieved a good penetration of small business loans among businesses of different sizes. During 2012, the Bank originated 47.0 percent of its small business loans to businesses with gross annual revenues of \$1 million or less. This performance exceeded aggregate data at 39.5 percent, but was less than the percentage of business in this revenue category of 72.1 percent. The Bank's level of lending to these businesses decreased from 47.0 percent in 2012 to 42.3 percent in 2013.

Community Development Lending

The Bank originated nine community development loans totaling \$29.6 million in this MSA. In terms of community development purpose, the distribution of loans is as follows: Four loans totaling \$10.6 million for affordable housing; one loan for \$11.3 million had a primary purpose of community development service; two loans totaling \$3.9 million were for economic development; and two loans totaling \$3.8 million were for revitalization/stabilization. The overall *Community Development Lending* section provides detailed examples of the institution's community development loans.

Innovative or Flexible Lending Products

All loan products and programs as described in the overall *Innovative and Flexible Lending Practices* section are available in this area.

INVESTMENT TEST

The Bank made an excellent level of qualified community development investments and grants that benefit the MSA. The qualified equity investments noted in the overall assessment area section benefit communities throughout the entire area, including those within the MSA. The \$1 million that was allocated to Boston Community Capital directly benefitted the MSA.

A majority of the qualified donations (\$480,478 or 76.2 percent) were provided to organizations located within and servicing the MSA. These donations benefitted organizations that focus on affordable housing, community services, and economic development.

SERVICE TEST

The Bank's service delivery system is accessible to essentially all portions of the area. Of the bank's 76 full-service branches, 53 (69.7 percent) are located in this MSA. Additionally, both limited-service branches are located in this MSA. Two branches are located in low-income census tracts, and seven in the moderate-income census tracts. The Bank has a total of 77 ATMs in the MSA, of which 3 are located in low-income census tracts and 9 in moderate-income census tracts.

The Bank closed two branches in this MSA since the prior evaluation. On December 6, 2013, the Bank closed its 836 North Main Street branch in Brockton, which was located in a moderate-income census tract. On December 13, 2013, the bank closed its 8 Station Street branch in a middle-income census tract of Middleboro.

All of the Bank's alternative delivery systems, business banking services, and other banking services previously discussed are available within this MSA. The Bank's services and business hours do not vary in a way that inconveniences certain portions of this area, particularly low- and moderate-income geographies or individuals.

The Bank was a leader in providing community development services within this area. Employees were involved with 29 different organizations that provided community development services within this MSA throughout the evaluation period. Please refer to the overall Service Test section for further detail regarding the institution's community development services.

METROPOLITAN AREA RECEIVING LIMITED-SCOPE REVIEW

DESCRIPTION OF INSTITUTION'S OPERATIONS IN BARNSTABLE TOWN, MA MSA

The bank operates 13, or 17.1 percent, of its 76 full-service branches in this MSA. Each office is equipped with at least one ATM. This area includes municipalities located in Barnstable County. Table 13 illustrates select demographics for this area.

Table 13 Demographics for Barnstable-Yarmouth, MA MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	53	1.9	13.2	75.5	9.4	0.00
Population by Geography	208,193	1.5	10.7	76.3	11.5	0.00
Owner-Occupied Housing by Geography	75,545	0.3	8.9	79.7	11.1	0.00
Businesses by Geography	25,899	7.5	10.9	69.6	12.0	0.00
Farms by Geography	866	2.4	8.1	77.6	11.9	0.00
Family Distribution by Income Level	59,995	18.5	18.6	23.6	39.3	0.00
Median Family Income		\$75,056	Median Housing Value	\$423,552		
FFIEC Adjusted Median Family Income for 2012		\$80,000	Unemployment Rate *	7.6%		
Families Below Poverty Level		5.1%				

Source: 2010 US Census and 2012 FFIEC updated MFI

* Source: Bureau of Labor Statistics for December 2013

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN BARNSTABLE TOWN, MA MSA

LENDING TEST

The Bank's Lending Test performance in this MSA is consistent with its overall performance. In 2012, the Bank's lending in this MSA represented 15.7 percent of home mortgage lending and 10.5 percent of small business lending by total number of loans made in the assessment area. A similar distribution of home mortgage lending was evident in 2013, while the percentage of small business lending increased to 13.7 percent.

The Bank originated one community development loan totaling \$1.1 million in this MSA.

The Bank's flexible lending programs are consistently available throughout all areas, and are described in detail in the overall *Innovative and Flexible Lending Practices* section.

INVESTMENT TEST

The level of qualified investments and donations is relatively consistent with overall performance. The low-income housing tax credits in the Cromwell Court Preservation Associates LP (\$1.7 million) directly benefitted the MSA, while the remaining equity investments benefitted a broader regional area that included the MSA. During the evaluation period, \$19,500 or 3.1 percent of the Bank's qualified donations directly benefitted the MSA.

SERVICE TEST

The Bank's Service Test performance is consistent with its overall performance. The Bank's delivery systems are accessible to essentially all portions of the area. The Bank operates 13 full-service branches in this area, one of which is located in a low-income census tract. Additionally, one branch and one ATM is located in a moderate-income census tract. The Bank did not open or close any branches in this MSA during the evaluation period.

All of the Bank's alternative delivery systems, business and other banking services previously discussed are available within this MSA. The Bank's services and business hours do not vary in a way that inconveniences certain portions of the area, particularly low- and moderate-income geographies and individuals.

Furthermore, two employees conducted qualified community development services with five different organizations located in the MSA during the evaluation period.

METROPOLITAN AREA RECEIVING LIMITED-SCOPE REVIEW

DESCRIPTION OF INSTITUTION'S OPERATIONS IN PROVIDENCE-WARWICK, RI-MA MSA

The Bank operates nine full-service branches in this portion of the assessment area. This area includes municipalities located in Bristol County. Table 14 shows pertinent demographics for this MSA.

Table 14 Demographics for Providence-Warwick, RI-MA MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	125	16.8	22.4	35.2	25.6	0.0
Population by Geography	548,285	12.1	17.3	37.2	33.4	0.0
Owner-Occupied Housing by Geography	135,015	4.9	12.9	42.8	39.4	0.0
Businesses by Geography	39,259	13.0	12.5	38.9	35.6	0.0
Farms by Geography	1,034	7.2	7.6	34.9	50.3	0.0
Family Distribution by Income Level	142,126	23.0	16.7	20.2	40.1	0.0
Median Family Income		\$70,496	Median Housing Value		\$299,362	
FFIEC Adjusted Median Family Income for 2012		\$75,600	Unemployment Rate *		9.4%	
Families Below Poverty Level		8.8%				

Source: 2010 US Census and 2012 FFIEC updated MFI

* Source: Bureau of Labor Statistics for December 2013

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN PROVIDENCE-WARWICK, RI-MA MSA

LENDING TEST

The Bank's lending performance in this MSA is consistent with its overall performance

In 2012, the Bank's lending in this MSA represented 14.6 percent of home mortgage lending by number and 14.4 percent of small business lending by number. A relatively consistent distribution of home mortgage loans was evident in 2013 at 14.7 percent and a slight decrease in small business lending to 12.8 percent.

The Bank made eight community development loans totaling \$19.3 million in this MSA.

The Bank's flexible lending programs are consistently available throughout all areas, and are described in detail in the overall *Innovative and Flexible Lending Practices* section.

INVESTMENT TEST

The institution's investment performance is relatively consistent with overall performance. Equity investments benefit a broader area that includes this MSA. Furthermore, during the evaluation period, \$106,904 (17.0 percent) of the Bank's qualified donations directly benefitted the MSA.

SERVICE TEST

The Bank's delivery systems are accessible to essentially all portions of the area. The Bank operates nine full-service branches in this area. There are no branches located in low- income tracts and one is located in a moderate-income census tract. No branches were opened or closed within this MSA during the evaluation period.

All of the Bank's alternative delivery systems, business banking services, and other banking services previously discussed are available within this MSA. The Bank's services and business hours do not vary in a way that inconveniences certain portions of the area, particularly low- and moderate-income geographies and individuals.

Four employees conducted qualified community development services within eight different organizations located in the MSA during the evaluation period.

METROPOLITAN AREA RECEIVING LIMITED-SCOPE REVIEW

DESCRIPTION OF INSTITUTION'S OPERATIONS IN WORCESTER, MA-CT MSA

The Bank operates one full-service branch in this area. This area includes municipalities that are located in Worcester County. Refer to Table 15 for pertinent demographic information.

Table 15						
Demographics for Worcester, MA-CT MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	10	0.0	10.0	50.0	40.0	0.0
Population by Geography	56,317	0.0	6.8	45.7	47.5	0.0
Owner-Occupied Housing by Geography	14,980	0.0	2.8	43.7	53.5	0.0
Businesses by Geography	4,743	0.0	11.3	44.1	44.6	0.0
Farms by Geography	107	0.0	1.9	44.9	53.2	0.0
Family Distribution by Income Level	15,072	16.1	13.9	22.3	47.7	0.0
Median Family Income		\$79,121	Median Housing Value Unemployment Rate *		\$337,525	
FFIEC Adjusted Median Family Income for 2012		\$83,600			7.2%	
Families Below Poverty Level		4.1%				

Source: 2010 US Census and 2012 FFIEC updated MFI

* Source: Bureau of Labor Statistics for December 2013

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WORCESTER, MA-CT MSA

LENDING TEST

The Bank's lending performance in this MSA is consistent with its overall performance; however, lending does not represent a significant volume of the Bank's overall loan originations. In 2012, the Bank's lending in this MSA represented 1.8 percent of home mortgage lending by number and 1.0 percent of small business lending by number. A relatively constant distribution of loans was evident in 2013.

None of the community development loans were originated in this portion of the Bank's assessment area.

The Bank's flexible lending programs are consistently available throughout all areas, and are described in detail in the overall *Innovative and Flexible Lending Practices* section.

Considering the Bank's limited physical presence in this MSA, the lack of low-income geographies, and demographic data, the Bank's lending performance is consistent with overall performance.

INVESTMENT TEST

Considering the Bank's limited presence in this portion of the assessment area, the level of qualified investments and donations is relatively consistent with overall Investment Test performance. Equity investments benefit a broader area that includes this MSA, and the Bank made \$23,500 (3.7 percent) of the Bank's qualified donations directly benefitted the MSA.

SERVICE TEST

The Bank's Service Test performance in this MSA is consistent with overall Service Test performance. Delivery systems are accessible to essentially all portions of this area. The Bank operates one full-service branch in this area and it is located in a moderate-income census tract. The one ATM in this MSA is located at the branch. No branches were opened or closed within this MSA during the evaluation period.

All of the Bank's alternative delivery systems, business banking services, and other banking services previously discussed are available within this MSA. The Bank's services and business hours do not vary in a way that inconveniences certain portions of the area, particularly low- and moderate-income geographies and individuals. The Bank did not conduct any qualified community development services within this MSA.

APPENDIX A

SCOPE OF EXAMINATION

Rockland Trust Company
SCOPE OF EXAMINATION: Large Bank CRA Evaluation Procedures
TIME PERIOD REVIEWED: Home mortgage and small business were reviewed for 2012 and 2013. Community development loans originated subsequent to the previous evaluation (December 28, 2010) in 2010, 2011, 2012, and through February 10, 2014 were included in the evaluation. Community development investments and services since the previous evaluation were also evaluated.
PRODUCTS REVIEWED: Home mortgage loans, small business and small farm loans, community development loans, and innovative and flexible lending products.

LIST OF AFFILIATES AND PRODUCTS REVIEWED		
AFFILIATE(S):	AFFILIATE RELATIONSHIP:	PRODUCTS REVIEWED:
Independent Bank Corporation	Holding Company	None
Rockland Borrowing Collateral Securities Corporation	Bank Subsidiary	None
Rockland Deposit Collateral Securities Corporation	Bank Subsidiary	None
Taunton Avenue Securities Corporation	Bank Subsidiary	None
Goddard Avenue Securities Corporation	Bank Subsidiary	None
Central Securities Corporation	Bank Subsidiary	None
MFLR Securities Corporation	Bank Subsidiary	None
Rockland Trust Community Development Corporation	Bank Subsidiary	Investments
Rockland Trust Community Development Corporation III LLC	Bank Subsidiary	Investments and Small Business and Community Development Loans
Rockland Trust Community Development Corporation IV LLC	Bank Subsidiary	Investments, and Small Business and Community Development Loans
Compass Exchange Advisors LLC	Bank Subsidiary	None
Bright Rock Capital Management LLC	Bank Subsidiary	None
Rockland MHEF Fund LLC	Bank Subsidiary	None
Mayflower Plaza LLC	Bank Subsidiary	None

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA:	TYPE OF EXAMINATION:	BRANCHES VISITED:	OTHER INFORMATION:
Assessment Area	Full-Scope	Main Office	NA
Boston-Cambridge-Newton, MA-NH MSA	Full Scope	Main Office	NA
Barnstable Town, MA MSA	Limited-Scope	None	NA
Providence-Warwick, RI-MA MSA	Limited-Scope	None	NA
Worcester, MA-CT MSA	Limited-Scope	None	NA

APPENDIX B

MINORITY APPLICATION FLOW

The Bank's 2012 residential lending was compared to aggregate. This comparison assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. Refer to the following table for information on the Bank's minority application flow as well as a comparison to the aggregate lenders throughout the Bank's assessment area.

Minority Application Flow					
RACE	Bank 2012		2012 Aggregate Data	Bank 2013	
	#	%	%	#	%
American Indian/ Alaska Native	4	0.1	0.1	5	0.2
Asian	89	2.0	5.3	78	2.7
Black or African American	83	1.8	1.6	61	2.1
Hawaiian/Pacific Islander	1	0.0	0.1	1	0.0
2 or more Minority Races	1	0.0	0.0	0	0.0
Joint Race (White/Minority)	52	1.2	1.2	31	1.2
Total Minority	230	5.1	8.3	176	6.2
White	3,999	88.9	68.4	2,328	81.6
Race Not Available	271	6.0	23.3	349	12.2
Total	4,500	100.0	100.0	2,853	100.0
ETHNICITY					
Hispanic or Latino	41	0.9	1.4	32	1.1
Not Hispanic or Latino	4,142	92.1	74.5	2,339	82.0
Joint (Hisp/Lat /Not Hisp/Lat)	36	0.8	0.8	32	1.1
Ethnicity Not Available	281	6.2	23.3	450	15.8
Total	4,500	100.0	100.0	2,853	100.0

Source: 2012 and 2013 HMDA LAR & 2012 HMDA Aggregate Data

The Bank's performance in 2012 is lower than the aggregate level of racial and ethnic minority home mortgage applications; the Bank received 6.8 percent of its applications from minorities, while the aggregate received 10.7 percent from minorities.

According to the 2010 U.S. Census, the assessment area had a population of 3,098,451, of which 19.8 percent was minority. The assessment area's minority and ethnic population is 5.9 percent Asian; 5.7 percent Hispanic or Latino; 4.8 percent Black/African American; 3.2 percent "other"; and 0.2 percent American Indian.

In 2012, the Bank received a total of 4,500 HMDA reportable loan applications within the assessment area. Of the 307 applications received from minority applicants, 48.5 percent resulted in originations, which is lower than the aggregate origination percentage for minority applicants at 72.1 percent.

APPENDIX C
Loss of Affordable Housing

The Division of Banks' regulation 209 CMR 46.22(2)(g) requires that the evaluation of the lending performance of a large institution include a review of its efforts to forestall the loss of affordable housing. The Division reviews the institution's loans to ensure that there is no undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units.

The Bank's development of credit products with flexible lending criteria, participation in flexible lending programs, community development investments, lending to low- and moderate-income borrowers, and the restructuring and modification of residential real estate loans has assisted low- and moderate-income individuals to remain in their neighborhoods.

APPENDIX D - GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business (es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Division and FDIC, at 228 Union Street, Rockland, MA 02370."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.